



STATE PROCUREMENT OFFICE
NOTICE OF REQUEST FOR EXEMPTION
FROM HRS CHAPTER 103D

12 MAR 29 P3:42

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Department of Taxation
Name of Requesting Department

Pursuant to HRS § 103D-102(b)(4) and HAR chapter 3-120, the Department requests a procurement exemption for the following:

1. Describe the goods, services or construction:

Investigation services to conduct and conclude ongoing administrative investigations involving internal security issues relating to the Department of Taxation's internal use policy.

2. Vendor/Contractor/Service Provider: Dan Hanagami & Associates, LLC 3. Amount of Request:
\$ 10,000.00

4. Term of Contract From: 4/1/2012 To: 6/30/2012 5. Prior SPO-007, Procurement Exemption (PE):

6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:

This is a request to exempt a personal services contract for investigation services to the Department of Taxation (Department) by Mr. Dan Hanagami. The Department is conducting administrative investigations involving Department employees who may have violated the Department's internal use policy. The Department initially procured Mr. Hanagami's services in accordance with HRS § 103D-305 and HAR chapter 3-122, subchapter 8. At the time of the award both parties believed that the contract could be performed within the contracted amount. During the investigations we became aware of additional issues which require further research and investigation. Because of Mr. Hanagami's familiarity with the issues of the investigations, obtaining additional investigative services through the competitive procurement process would not be practicable or advantageous to the State. Contracting with Mr. Hanagami would be the most cost effective and efficient resolution due to the complexity of the cases and to and number of cases and volume of data involved. The exemption sought would not exceed \$10,000 and would be in the best interest of the State.

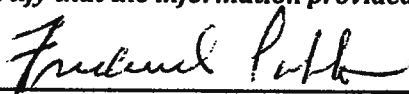
7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:

The Department procured the initial investigation services in accordance with HRS §103D-305 and HAR Chapter 3-122, Subchapter 8.

8. Identify the primary individual(s) who is knowledgeable about this request, who will conduct and manage this process, and has 1) completed mandatory training; and 2) who may contact for follow up inquiry, if any.
(Type over "example" and delete cells not used.)

Name of Department Personnel	Division/Agency	Phone Number	e-mail address
Suzanne Eghan	DOTAX/ASO	587-1500	suzanne.m.eghan@hawaii.gov

*All requirements/approvals and internal controls for this expenditure is the responsibility of the department.
I certify that the information provided above is, to the best of my knowledge, true and correct.*



Department Head Signature


Date

For Chief Procurement Officer Use Only

Date Notice Posted: 3-29-12

Submit written objection to this notice to issue an exempt contract within seven calendar days or as otherwise allowed from date notice posted to:

state.procurement.office@hawaii.gov

Chief Procurement Officer (CPO) Comments:

The department utilized the 3 quotes for small purchases under \$15,000 method of procurement. The solicitation's price was not firm fixed, the department has indicated that they did not have a basis of accurately estimating the hours needed to complete the scope of work and knew that the cost would be an approximate amount. Three quotes were received; two were considerably over the \$15,000 and the winning quote was \$14,630, slightly under the threshold.

Although the solicitation price was not firm fixed because the department did not have a basis of accurately estimating the hours needed, the department did not take into consideration the likely scenario of needing increased hours. Any increase in hours needed would have increased the small purchase threshold over \$15,000, requiring the small purchase solicitation to be issued via the HePS which would have infused broader competition. The amount requested in this exemption is an increase of 68% over the bid amount.

This request is disapproved. Upon receipt of the two price quotations over \$15,000 and one quote slightly under the \$15,000 threshold, the department should have done a small purchases solicitation via the HePS. The department knew the amount was not firm fixed, was an approximate amount and they did not have a basis of accurately estimating the hours needed. There is no assurance from the department that the cost will not exceed the 68% increase being requested. The department may need to cancel this contract due to grossly underestimating the scope of work hours and to re-solicit utilizing the appropriate method of procurement. If there are any questions, please contact Kevin Takaesu at 586-0568, or kevin.s.takaesu@hawaii.gov.

☐ Approved

☒ Disapproved

☐ No Action Required


Chief Procurement Officer Signature

4/11/2012
Date